

their professionalism, patriotism and willingness to ensure our Nation's security. I know colleagues join me in welcoming Major James Ewald, and thanking him for his service to our country.

LOCAL LAW ENFORCEMENT ACT OF 2003

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred in Elkhart, IN. On November 17, 1999, Sasezley Richardson, a 19-year-old black teenager was shot dead as he strolled back from a local mall with diapers for a friend's baby. The two men that shot Richardson said they shot the young man solely because of his race. The victim was black and the perpetrators of the crime were white. One of the shaven-headed suspects told police he was a member of the violent, white supremacist Aryan Brotherhood, while the other reportedly said he wanted to kill a black person in order to get in the group.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

2003 FEDERAL BUDGET DEFICIT

Mrs. FEINSTEIN. Mr. President, I rise to address this year's Federal budget deficit, which is now expected to exceed \$450 billion. This will be the largest Federal deficit on record.

This is a staggering \$680 billion increase from the \$236 billion budget surplus the Federal Government ran 3 years ago.

And who knows how much the true deficit may in fact be if, a few months from now, the projection increases again due to the ongoing costs of rebuilding Iraq and Afghanistan. Reconstruction costs are now running \$4.8 billion per month, or \$58 billion annually, which is well above what we have budgeted.

According to the Concord Coalition, a nonpartisan group that advocates for balanced budgets, "The first six months of the 108th Congress were the most fiscally irresponsible in recent memory."

The members of this Chamber and the American public should know the simple truth: putting our economy back on track is even more difficult in the face of deficits of this magnitude.

And next year, the on-budget deficit will likely top \$600 billion.

In my 10-year career in the Senate, there has never been a greater need for fiscal discipline than there is now. The then-record \$290 billion deficit we faced in 1992 required some very tough choices to be made but the choices that lie ahead will be even harder.

It is incumbent on the President and the House and Senate leadership to prepare the country for those choices. Instead, the President and the Republican leadership in Congress have cut taxes with abandon while increasing spending at a rate faster than at any point during the past 10 years.

Discretionary spending increased by 13.1 percent between 2002 and 2001, and is expected to increase by 9.7 percent this year over 2002 levels. Much of that spending has been necessary to fight the war on terror, recover from the attacks of September 11, and improve our homeland security.

Nevertheless, such spending cannot be sustained if tax revenues plummet due to ill-timed tax cuts and a weakened economy. In fact, the Federal Government has now reached a point at which it could eliminate all non-defense discretionary spending and still not close the Federal budget deficit.

That would mean eliminating all Federal spending on roads, schools, law enforcement, disease research, and the environment, among thousands of other programs.

This structural imbalance between Federal revenues and outlays threatens to send us into a spiral of increasing debt and rapidly accelerating interest costs. As the Federal debt increases and public saving decreases, long-term interest rates will inevitably be pushed higher.

That not only increases the amount that the Federal Government must pay to finance its obligations but also raises the cost of putting a mortgage on your home or financing a new car purchase. A conservative estimate puts the increase in long-term interest rates due to the budget deficit at 0.4 percent.

An increase of that magnitude would add \$800 per year to the cost of a \$200,000 home mortgage, or more than the majority of American taxpayers will receive from the President's latest tax cut.

Yet what is perhaps more threatening is the negative economic impact of these growing deficits.

The hard truth is that even robust economic growth will not bring the budget back into balance. When preparing deficit projections, the CBO assumes average real GDP growth of 3.3 percent between now and 2008, which is well in excess of the 1.5 to 2 percent average growth of the past 3 years.

Such moderately strong growth would still leave us with more than \$2 trillion in cumulative deficits over the next decade. And this does take into account the true cost of the tax cuts without the sunsets and other budgetary gimmicks, which is likely to add \$1.8 trillion to those deficits if all existing tax cuts were extended.

These fiscal problems are not intractable, but they require bipartisan cooperation and real fiscal discipline, both of which have been in short supply of late.

One unfortunate consequence of the administration's approach to the recent tax cut has been a growing partisan divide between Democrats and Republicans on fiscal policy.

That stands in sharp contrast to the atmosphere when I entered the Senate in 1992. At that time a group of moderate Senators from both parties joined forces to rein in spending and hold the line on new tax cuts.

Those efforts came to fruition in 1998, when the first Federal budget surplus since the Johnson administration was recorded. Budget surpluses continued for an additional 2 years, coinciding with a period of robust economic growth.

During the 108th Congress, I have worked to rekindle that spirit of bipartisanship because I fear for the consequences of maintaining our current course.

This past January, I introduced bipartisan legislation with Senator CHAFEE to freeze further cuts to the top income tax rates, a move which would save over \$150 billion over 10 years if enacted today.

During debate on the fiscal year 2004 budget resolution, I cosponsored an alternate budget resolution with Senators CARPER, CHAFEE, and LINCOLN. That alternate resolution would have brought the budget back into balance 4 years earlier than the resolution which passed the Senate, and was revenue-neutral over the 10-year budget window.

And yesterday I introduced legislation to upgrade our country's transportation and water infrastructure. Credit for this bill is due to Congressman OBERSTAR in the House, and I am pleased to introduce the Senate companion bill. This bill would create more than 2 million new jobs, at less than a tenth the cost of the latest tax cut.

Moreover, the \$34 billion cost of my bill is fully offset by closing Enron-related tax shelters, putting an end to corporate expatriation and extending customs user fees.

This type of targeted, revenue-neutral stimulus promises to create more jobs than the President's tax cut, without digging us deeper into debt, and is precisely the sort of fiscally responsible approach to jump-starting the economy that we need.

Just as the budget surpluses of the late 1990s had a positive ripple effect of increasing the feeling of economic certainty and security in this country, the current budget deficit is having a negative ripple effect and is contributing to the near-freeze on hiring and capital investment we are currently experiencing.

We must break this cycle with bipartisan leadership or we will face an even greater crisis in the years ahead. We cannot afford to burden future generations with the debt resulting from our